

PREVAILED

Roll Call No. _____

FAILED

Ayes _____

WITHDRAWN

Noes _____

RULED OUT OF ORDER

HOUSE MOTION _____

MR. SPEAKER:

I move that House Bill 1118 be amended to read as follows:

- 1 Page 4, between lines 12 and 13, begin a new line single block
- 2 indented and insert:
- 3 **"(22) For taxable years beginning after December 31, 2005, in**
- 4 **the case of an individual who is employed by a taxpayer that**
- 5 **claims a credit under IC 6-3.1-25-9, add the amount of the**
- 6 **individual's eligible benefits as provided in IC 6-3.1-25-15(a)."**
- 7 Page 7, between lines 36 and 37, begin a new paragraph and insert:
- 8 **"SECTION 3. IC 6-3.1-25 IS ADDED TO THE INDIANA CODE**
- 9 **AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE**
- 10 **JULY 1, 2005]:**
- 11 **Chapter 25. Credit for Offering Health Benefit Plans**
- 12 **Sec. 1. This chapter applies to an employer that:**
- 13 **(1) employs at least ten (10) full-time employees who are**
- 14 **located in Indiana; and**
- 15 **(2) does not offer coverage for health care services under a**
- 16 **self-funded health benefit plan that complies with the federal**
- 17 **Employee Retirement Income Security Act of 1974 (29 U.S.C.**
- 18 **1001 et seq.).**
- 19 **Sec. 2. As used in this chapter, "eligible benefits" means, with**
- 20 **respect to an employee of a taxpayer that claims a credit under**
- 21 **section 9 of this chapter, the total amount of health insurance**
- 22 **premiums not included in the employee's federal adjusted gross**
- 23 **income (as defined in Section 62 of the Internal Revenue Code)**
- 24 **during a taxable year under the health benefit plan offered by the**
- 25 **employer.**

1 **Sec. 3.** As used in this chapter, "eligible taxpayer" means a
 2 taxpayer that did not provide health insurance to the taxpayer's
 3 employees in the taxable year immediately preceding the first
 4 taxable year for which the taxpayer claims a credit under this
 5 chapter.

6 **Sec. 4.** As used in this chapter, "full-time employee" means an
 7 employee who is normally scheduled to work at least thirty (30)
 8 hours each week.

9 **Sec. 5. (a)** As used in this chapter, "health benefit plan" means
 10 coverage for health care services provided under:

11 (1) an insurance policy that provides one (1) or more of the
 12 types of insurance described in Class 1(b) or Class 2(a) of
 13 IC 27-1-5-1; or

14 (2) a contract with a health maintenance organization for
 15 coverage of basic health care services under IC 27-13;

16 that satisfies the requirements of Section 125 of the Internal
 17 Revenue Code.

18 **(b)** The term does not include the following:

19 (1) Accident only, credit, dental, vision, Medicare supplement,
 20 long term care, or disability income insurance.

21 (2) Coverage issued as a supplement to liability insurance.

22 (3) Automobile medical payment insurance.

23 (4) A specified disease policy issued as an individual policy.

24 (5) A limited benefit health insurance policy issued as an
 25 individual policy.

26 (6) A short term insurance plan that:

27 (A) may not be renewed; and

28 (B) has a duration of not more than six (6) months.

29 (7) A policy that provides a stipulated daily, weekly, or
 30 monthly payment to an insured during hospital confinement,
 31 without regard to the actual expense of the confinement.

32 (8) Worker's compensation or similar insurance.

33 (9) A student health insurance policy.

34 **Sec. 6.** As used in this chapter, "pass through entity" means a:

35 (1) corporation that is exempt from the adjusted gross income
 36 tax under IC 6-3-2-2.8(2);

37 (2) partnership;

38 (3) limited liability company; or

39 (4) limited liability partnership.

40 **Sec. 7.** As used in this chapter, "state tax liability" means a
 41 taxpayer's total tax liability that is incurred under:

42 (1) IC 6-3-1 through IC 6-3-7 (adjusted gross income tax);

43 (2) IC 6-5.5 (financial institutions tax); and

44 (3) IC 27-1-18-2 (insurance premiums tax);

45 as computed after the application of the credits that under
 46 IC 6-3.1-1-2 are to be applied before the credit provided by this

1 chapter.

2 Sec. 8. As used in this chapter, "taxpayer" means an individual
3 or entity that:

- 4 (1) has state tax liability; and
- 5 (2) employs at least ten (10) full-time employees who are
6 located in Indiana.

7 Sec. 9. (a) An eligible taxpayer that, after December 31, 2005,
8 makes health insurance available to the eligible taxpayer's
9 employees and their dependents through at least one (1) health
10 benefit plan is entitled to a credit against the taxpayer's state tax
11 liability for the first two (2) taxable years in which the taxpayer
12 makes the health benefit plan available if the following
13 requirements are met:

- 14 (1) An employee's participation in the health benefit plan is at
15 the employee's election.
- 16 (2) If an employee chooses to participate in the health benefit
17 plan, the employee may pay the employee's share of the cost
18 of the plan using a wage assignment authorized under
19 IC 22-2-6-2.
- 20 (b) The credit allowed under this chapter equals the lesser of:
21 (1) two thousand five hundred dollars (\$2,500); or
22 (2) fifty dollars (\$50) multiplied by the number of employees
23 enrolled in the health benefit plan during the taxable year.

24 Sec. 10. (a) An employer may pay or provide reimbursement for
25 all or part of the cost of a health benefit plan made available under
26 section 9 of this chapter.

27 (b) An employer that pays or provides reimbursement under
28 subsection (a) shall pay or provide reimbursement on an equal
29 basis for all full-time employees who elect to participate in the
30 health benefit plan.

31 Sec. 11. (a) If the amount determined under section 9 of this
32 chapter for a taxpayer in a taxable year exceeds the taxpayer's
33 state tax liability for that taxable year, the taxpayer may carry the
34 excess over to the following taxable years. The amount of the credit
35 carryover from a taxable year shall be reduced to the extent that
36 the carryover is used by the taxpayer to obtain a credit under this
37 chapter for any subsequent taxable year. A taxpayer is not entitled
38 to a carryback.

39 (b) A taxpayer is not entitled to a refund of any unused credit.

40 Sec. 12. If a pass through entity does not have state income tax
41 liability against which the tax credit may be applied, a shareholder
42 or partner of the pass through entity is entitled to a tax credit equal
43 to:

- 44 (1) the tax credit determined for the pass through entity for
45 the taxable year; multiplied by
- 46 (2) the percentage of the pass through entity's distributive

1 income to which the shareholder or partner is entitled.

2 Sec. 13. To receive the credit provided by this chapter, a
3 taxpayer must claim the credit on the taxpayer's state tax return or
4 returns in the manner prescribed by the department. The taxpayer
5 must submit to the department all information that the department
6 determines is necessary to calculate the credit provided by this
7 chapter and to determine the taxpayer's eligibility for the credit.

8 Sec. 14. (a) A taxpayer claiming a credit under this chapter shall
9 continue to make health insurance available to the taxpayer's
10 employees through a health benefit plan for at least twenty-four
11 (24) consecutive months beginning on the day after the last day of
12 the taxable year in which the taxpayer first offers the health benefit
13 plan.

14 (b) If the taxpayer terminates the health benefit plan before the
15 expiration of the period required under subsection (a), the taxpayer
16 shall repay the department the amount of the credit received under
17 section 9 of this chapter.

18 Sec. 15. (a) An employee of a taxpayer that claims a credit under
19 this chapter shall include in the employee's state adjusted gross
20 income (as defined in IC 6-3-1-3.5(a)) the employee's eligible
21 benefits for:

22 (1) the first taxable year in which the taxpayer offers the
23 health benefit plan; and

24 (2) the taxable year immediately following the first taxable
25 year in which the taxpayer offers the health benefit plan.

26 An employee's eligible benefits are not included in the employee's
27 state adjusted gross income (as defined in IC 6-3-1-3.5(a)) for the
28 taxable years following the taxable year described in subdivision
29 (2).

30 (b) A taxpayer that claims a credit under this chapter shall
31 notify each of the taxpayer's employees of the amount included in
32 the employee's state adjusted gross income (as defined in
33 IC 6-3-1-3.5(a)) under subsection (a) at the same time the taxpayer
34 provides the employee with the employee's W-2 federal income tax
35 withholding statement for the taxable year."

36 Page 7, between lines 39 and 40, begin a new paragraph and insert:
37 "SECTION 4. [EFFECTIVE JULY 1, 2005] IC 6-3.1-25, as added

1 **by this act, applies only to taxable years beginning after December**
2 **31, 2005."**

3 Renumber all SECTIONS consecutively.
 (Reference is to HB 1118 as printed January 14, 2005.)

Representative Orentlicher